

VAN BUREN COUNTY, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

VAN BUREN COUNTY, IOWA

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VAN BUREN COUNTY, IOWA

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marvin S. Philips	Board of Supervisors	January 2013
Ted Nixon	Board of Supervisors	January 2015
Mark Meek	Board of Supervisors	January 2015
Jon P. Finney	County Auditor	January 2013
Tanya McQuoid	County Treasurer	January 2015
D. Ann Skaggs	County Recorder	January 2015
Dan Tedrow	County Sheriff	January 2013
H. Craig Miller	County Attorney	January 2015
Dixie Sanders	County Assessor	January 2014

## INDEPENDENT AUDITOR'S REPORT

To the Officials of Van Buren County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Van Buren County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Van Buren County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Van Buren County, Iowa at June 30, 2012, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 4, 2013 on our consideration of Van Buren County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 9 and 29 through 32 be presented to supplement the basic financial statements, such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
February 4, 2013

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Van Buren County, Iowa, provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2012 FINANCIAL HIGHLIGHTS

- The County's Government wide revenues increased by \$1,283,592 from fiscal 2011 to fiscal 2012. Operating grants, contributions and restricted interest increased by \$903,477 and capital grants, contributions and restricted interest increased by \$673,238.
- The County's Government wide expenditures increased by \$1,212,286 from fiscal year 2011. Physical health and social services expenditures made up the largest increase at \$466,815.
- The County's Governmental Funds ending net assets increased by 1.5%, or \$203,631 from June 30, 2011 to June 30, 2012.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Van Buren County, Iowa as a whole and present an overall view of the County's finances.

The Fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Van Buren County, Iowa's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Van Buren County, Iowa acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has two kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include:
  1. The General Fund,
  2. The Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads,

These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. During the current fiscal year, Van Buren County, Iowa's combined net assets increased from \$13,918,451 to \$14,122,082. The analysis that follows focuses on the changes in the net assets for governmental activities.

### Net Assets of Governmental Activities

	<u>June 30, 2012</u>	<u>June 30, 2011</u> <u>As Restated</u>
Current and other assets	\$ 5,994,303	\$ 6,370,048
Capital assets	<u>11,468,930</u>	<u>10,597,187</u>
Total assets	<u>17,463,233</u>	<u>16,967,235</u>
Long-term liabilities	212,230	211,194
Other liabilities	<u>3,128,921</u>	<u>2,837,590</u>
Total liabilities	<u>3,341,151</u>	<u>3,048,784</u>
Net assets:		
Invested in capital assets, net of related debt	11,468,930	10,597,187
Restricted	1,932,349	2,206,139
Unrestricted	<u>720,803</u>	<u>1,115,125</u>
Total net assets	\$ <u>14,122,082</u>	\$ <u>13,918,451</u>

Net assets of Van Buren County, Iowa's governmental activities increased by \$203,631 (\$14,122,082 compared to \$13,918,451). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements) decreased from \$1,115,125 at June 30, 2011 to \$720,803 at June 30, 2012, a decrease of 35.4%.

### Changes in Net Assets of Governmental Activities

	<u>Year ended</u> <u>June 30, 2012</u>	<u>Year ended</u> <u>June 30, 2011</u> <u>As Restated</u>
Revenues:		
Program revenues:		
Charges for service	\$ 641,177	\$ 609,679
Operating grants, contributions and restricted interest	4,563,997	3,610,520
Capital grants, contributions and restricted interest	1,074,612	401,374
General revenues:		
Property and other County tax	1,760,549	1,994,197
Penalty and interest on property tax	42,044	38,305
State tax credits	94,631	138,575
Unrestricted investment earnings	45,119	63,588
Other general revenues	<u>130,591</u>	<u>212,890</u>
Total revenues	<u>8,352,720</u>	<u>7,069,128</u>



Program expenses:		
Public safety and legal services	1,148,671	1,104,675
Physical health and social services	1,066,635	599,820
Mental health	754,876	454,151
County environment and education	674,726	536,875
Roads and transportation	3,641,352	3,356,060
Governmental services to residents	306,217	314,302
Administration	556,612	570,471
Non-program	-	449
Total expenses	<u>8,149,089</u>	<u>6,936,803</u>
Change in net assets	203,631	132,325
Net assets beginning of year, as restated	<u>13,918,451</u>	<u>13,786,126</u>
Net assets end of year	\$ <u>14,122,082</u>	\$ <u>13,918,451</u>

The County's property tax asking for the 2012 fiscal increased \$203,782 compared to fiscal year 2011. This followed the previous year's freeze in property tax asking. The property tax asking for fiscal year 2013 was set at \$2,579,602, an increase of 1.9% from fiscal year 2012.

#### INDIVIDUAL MAJOR FUND ANALYSIS

As Van Buren County, Iowa completed the year, its governmental funds reported a combined fund balance of \$2,950,009, a decrease of \$680,259 compared to last year's total of \$3,630,268. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues and expenditures were \$3,455,726 and \$3,445,595, respectively. The ending fund balance showed an increase of \$4,595 from the prior year to \$1,274,218.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$754,303, an increase of 71.7% from the prior year. The Mental Health Fund balance at year end decreased by \$220,686 from the prior year.
- Rural Services Fund revenues increased by \$133,875 from the prior year and expenditures decreased by \$3,997 and a resulting increase in ending fund balance of \$63,392 for the year ended June 30, 2012.
- Secondary Roads Fund expenditures increased by \$909,746 over the prior year. This increase is due to completion of various projects. This increase in expenditures resulted in a decrease in the Secondary Roads Fund ending balance of \$491,727, or 32.3%.

#### BUDGETARY HIGHLIGHTS

Over the course of the year, Van Buren County, Iowa amended its budget two times. The amendments were made on October 24, 2011 and May 14, 2012 and resulted in an increase in budgeted disbursements of \$737,350 primarily related to FEMA reimbursements, pass-thru grants, and an update of the HVAC system at the Center Village Care Facility.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2012 Van Buren County, Iowa had \$11,468,930 invested in a broad range of capital assets (net of depreciation), including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of \$871,743, or 8.23% more than last year.

#### Capital Assets of Governmental Activities at Year End

	<u>June 30, 2012</u>	<u>June 30, 2011</u> <u>As Restated</u>
Land	\$ 1,179,587	\$ 1,179,587
Buildings and improvements	1,215,682	1,236,263
Equipment and vehicles	1,547,493	1,336,467
Infrastructure	7,520,440	6,839,142
Construction in progress	<u>5,728</u>	<u>5,728</u>
Total	\$ <u>11,468,930</u>	\$ <u>10,597,187</u>

The County had depreciation expense of \$743,871 in fiscal year 2012 and total accumulated depreciation of \$8,072,147 at June 30, 2012, compared to total accumulated depreciation of \$7,492,154 at June 30, 2011.

The County's fiscal year 2012 capital budget as amended included \$935,200 for capital projects, principally for road and bridge improvements. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At June 30, 2012, Van Buren County, Iowa had no general obligation bonds or other debt other than compensated absences, net OPEB liability and an estimated liability for landfill postclosure care costs.

#### Outstanding Debt of Governmental Activities at Year-End

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Landfill postclosure costs	\$ 180,000	\$ 195,000
Compensated absences	131,124	145,234
Net OPEB Liability	<u>47,230</u>	<u>31,194</u>
Total	\$ <u>358,354</u>	\$ <u>371,428</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Van Buren County, Iowa's constitutional debt limit for the fiscal year 2012 is \$13,275,203. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Van Buren County, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. The County's official population for 2010 shows a decrease of 239, from the official 2000 census, after an increase of 124 from the official 1990 to 2000 census. Unemployment in the County now stands at 5.6% versus 6.2% a year ago. This compares with the State's unemployment rate of 5.1% and the national rate of 7.5%.

Inflation in the State was slightly lower than the national Consumer Price Index increase. The State's CPI increase was 4.637% for the 12 month period ending October, 2012 compared with the national rate of 4.896%. Inflation has been modest here due in part to the slowing of the residential housing market and modest increases in energy and food prices in 2011-2012.

These indicators were taken into account when adopting the budget for fiscal year 2013. Amounts available for appropriation in the operating budget are \$7,118,611, a decrease of 13.27% from the final amended fiscal year 2012 budget. The amount of revenue to support the above expenditures is projected to decrease 11.22% from the final amended fiscal year 2012 budget to \$6,875,076. Property and other County taxes supporting the fiscal year 2013 budget increased \$95,010 from the final amended fiscal year 2012 budget and makes up 40.42% of the revenue for the fiscal year 2013 budgeted expenditures.

Decreases in physical health and social services, and capital projects expenditures make up the majority of the budgeted decrease in expenditures for fiscal year 2013. The County has added no major new programs or initiatives to the 2013 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease by the close of the fiscal year 2013 by \$238,185, leaving an overall reserve of approximately 32.20% of budgeted fiscal year 2013 expenditures.

#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Van Buren County, Iowa's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Van Buren County Auditor, 406 Dodge St., Keosauqua, Iowa.

## VAN BUREN COUNTY, IOWA

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities
<b>ASSETS:</b>	
Cash and pooled investments	\$ 2,661,779
Receivables:	
Property tax:	
Delinquent	63,978
Succeeding year	2,579,582
Accounts	26,830
Accrued interest	2,133
Due from other governments	118,804
Inventories	502,536
Prepaid expenses	38,661
Capital assets (net of accumulated depreciation)	11,468,930
<b>TOTAL ASSETS</b>	<b>17,463,233</b>
<b>LIABILITIES:</b>	
Accounts payable	157,615
Salaries and benefits payable	27,297
Due to other governments	218,303
Deferred revenue:	
Succeeding year property tax	2,579,582
Long-term liabilities:	
Portion due and payable within one year:	
Compensated absences	131,124
Estimated liability for landfill post closure	15,000
Portion due and payable after one year:	
Estimated liability for landfill post closure	165,000
Net OPEB obligation	47,230
<b>TOTAL LIABILITIES</b>	<b>3,341,151</b>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	11,468,930
Restricted for:	
Supplemental levy	256,558
Mental health	48,655
Rural services	145,314
Secondary roads	1,029,910
Other purposes	451,912
Unrestricted	720,803
<b>TOTAL NET ASSETS</b>	<b>\$ 14,122,082</b>

## VAN BUREN COUNTY, IOWA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Charges for Service	Program Revenues		Net (Expense) Revenue and Change in Net Assets
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Governmental activities:					
Public safety and legal services	\$ 1,148,671	\$ 149,442	\$ 33,047	\$ -	\$ (966,182)
Physical health and social services	1,066,635	208,701	505,574	-	(342,360)
Mental health	754,876	730	532,807	-	(221,339)
County environment and education	674,726	85,435	917,507	-	328,216
Roads and transportation	3,641,352	46,037	2,500,419	1,074,612	(20,284)
Governmental services to residents	306,217	128,426	10,018	-	(167,773)
Administration	556,612	12,406	64,625	-	(479,581)
Total	\$ 8,149,089	\$ 641,177	\$ 4,563,997	\$ 1,074,612	(1,869,303)
General revenues:					
Property and other County tax levied for:					
General purposes					1,760,549
Penalty and interest on property tax					42,044
State tax credits					94,631
Unrestricted investment earnings					45,119
Miscellaneous					152,085
Loss on disposal of capital assets					(21,494)
Total general revenues					2,072,934
Change in net assets					203,631
Net assets - Beginning of year, as restated					13,918,451
Net assets - End of year					\$ 14,122,082

## VAN BUREN COUNTY, IOWA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

ASSETS	General	Special Revenue			Nonmajor Governmental Funds	Total
		MH-DD Services	Rural Services	Secondary Roads		
Cash and pooled investments	\$ 1,222,406	\$ 296,629	\$ 124,953	\$ 569,526	\$ 448,265	\$ 2,661,779
Receivables:						
Property tax:						
Delinquent	60,348	1,763	1,867	-	-	63,978
Succeeding year	1,838,719	275,486	465,397	-	-	2,579,582
Accounts	13,555	-	755	8,404	4,116	26,830
Accrued interest	2,075	-	-	-	58	2,133
Due from other governments	53,284	192	25,999	39,329	-	118,804
Inventories	-	-	-	502,536	-	502,536
Prepaid expenses	38,119	542	-	-	-	38,661
<b>TOTAL ASSETS</b>	<b>\$ 3,228,506</b>	<b>\$ 574,592</b>	<b>\$ 618,971</b>	<b>\$ 1,119,795</b>	<b>\$ 452,439</b>	<b>\$ 5,994,303</b>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Accounts payable	\$ 23,090	\$ 68,152	\$ 5,952	\$ 60,421	\$ -	\$ 157,615
Salaries and benefits payable	12,549	-	516	14,232	-	27,297
Due to other governments	21,827	180,717	-	15,232	527	218,303
Deferred revenue:						
Succeeding year property tax	1,838,719	275,486	465,397	-	-	2,579,582
Other	58,103	1,602	1,792	-	-	61,497
<b>TOTAL LIABILITIES</b>	<b>1,954,288</b>	<b>525,937</b>	<b>473,657</b>	<b>89,885</b>	<b>527</b>	<b>3,044,294</b>
<u>FUND BALANCES:</u>						
Nonspendable:						
Inventories	-	-	-	502,536	-	502,536
Prepaid Insurance	38,119	542	-	-	-	38,661
Restricted for:						
Supplemental levy	256,558	-	-	-	-	256,558
Mental Health	-	48,113	-	-	-	48,113
Rural services	-	-	145,314	-	-	145,314
Secondary Roads	-	-	-	527,374	-	527,374
Other purposes	-	-	-	-	118,700	118,700
Assigned	-	-	-	-	81,600	81,600
Unassigned	979,541	-	-	-	251,612	1,231,153
Total fund balances	<b>1,274,218</b>	<b>48,655</b>	<b>145,314</b>	<b>1,029,910</b>	<b>451,912</b>	<b>2,950,009</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,228,506</b>	<b>\$ 574,592</b>	<b>\$ 618,971</b>	<b>\$ 1,119,795</b>	<b>\$ 452,439</b>	<b>\$ 5,994,303</b>

VAN BUREN COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2012

Total governmental fund balances \$ 2,950,009

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$19,541,077 and the accumulated depreciation is \$8,072,147. 11,468,930

Because some revenues will not be collected for several months after year end they are deferred in the governmental funds. 61,497

Long-term liabilities, including estimated liability for landfill postclosure costs, net OPEB obligation and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (358,354)

Net assets of governmental activities \$ 14,122,082

## VAN BUREN COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012

	General	Special Revenue MH-DD Services	Rural Services	Secondary Roads	Nonmajor Governmental Funds	Total
<b>REVENUES:</b>						
Property and other County tax	\$ 1,761,711	\$ 264,908	\$ 742,316	\$ -	\$ -	\$ 2,768,935
Interest and penalty on property tax	42,044	-	-	-	-	42,044
Intergovernmental	1,174,037	267,979	58,901	2,429,487	28,271	3,958,675
Licenses and permits	14,912	-	-	2,155	-	17,067
Charges for service	310,875	-	24,539	-	3,708	339,122
Use of money and property	90,224	-	-	-	47,754	137,978
Miscellaneous	61,923	730	12,160	43,648	17,616	136,077
Total revenues	<u>3,455,726</u>	<u>533,617</u>	<u>837,916</u>	<u>2,475,290</u>	<u>97,349</u>	<u>7,399,898</u>
<b>EXPENDITURES:</b>						
Current:						
Public safety and legal services	1,091,343	-	6,113	-	-	1,097,456
Physical health and social services	1,051,569	-	-	-	-	1,051,569
Mental health	-	754,303	-	-	-	754,303
County environment and education	477,231	-	143,518	-	17,632	638,381
Roads and transportation	-	-	-	3,019,995	-	3,019,995
Governmental services to residents	300,958	-	930	-	-	301,888
Administration	524,494	-	7,211	-	-	531,705
Capital projects	-	-	-	567,976	118,618	686,594
Total expenditures	<u>3,445,595</u>	<u>754,303</u>	<u>157,772</u>	<u>3,587,971</u>	<u>136,250</u>	<u>8,081,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,131</u>	<u>(220,686)</u>	<u>680,144</u>	<u>(1,112,681)</u>	<u>(38,901)</u>	<u>(681,993)</u>
Other financial sources (uses):						
Sale of capital assets	1,500	-	-	234	-	1,734
Transfers in	2,432	-	-	620,720	5,500	628,652
Transfers out	(9,468)	-	(616,752)	-	(2,432)	(628,652)
Total other financing sources (uses)	<u>(5,536)</u>	<u>-</u>	<u>(616,752)</u>	<u>620,954</u>	<u>3,068</u>	<u>1,734</u>
Net change in fund balances	4,595	(220,686)	63,392	(491,727)	(35,833)	(680,259)
Fund balances - Beginning of year	<u>1,269,623</u>	<u>269,341</u>	<u>81,922</u>	<u>1,521,637</u>	<u>487,745</u>	<u>3,630,268</u>
Fund balances - End of year	\$ <u>1,274,218</u>	\$ <u>48,655</u>	\$ <u>145,314</u>	\$ <u>1,029,910</u>	\$ <u>451,912</u>	\$ <u>2,950,009</u>



## VAN BUREN COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012

Net change in fund balances - Total governmental funds \$ (680,259)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year as follows:

Expenditures for capital assets	\$ 663,599	
Depreciation expense	<u>(743,871)</u>	(80,272)

Farm to market funds used to construct infrastructure 975,009

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets 15,000

Because some revenues will not be collected for several months after year end, they are not considered available revenues and are deferred in the governmental funds (927)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	14,110	
Other post employment benefits	<u>(16,036)</u>	(1,926)

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources (22,994)

Change in net assets of governmental activities \$ 203,631

VAN BUREN COUNTY, IOWA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2012

ASSETS

Cash and pooled investments:		
County Treasurer	\$	783,368
Other County officials		32,423
Accounts receivable		10,332
Property tax receivable:		
Delinquent		46,131
Succeeding year		6,267,124
Accrued interest		56
Due from other governments		7,278
Prepaid expenses		6,588
	TOTAL ASSETS	<u>7,153,300</u>

LIABILITIES

Accounts payable		783
Due to other governments		7,145,835
Salaries and benefits payable		150
Trusts payable		6,532
	TOTAL LIABILITIES	<u>7,153,300</u>
	NET ASSETS	\$ <u>-</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Van Buren County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Van Buren County, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Van Buren County, Iowa (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

A drainage district has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Fox River Drainage Board. The drainage district is reported as an Agency Fund. Financial information about the drainage district can be obtained from the Van Buren County Auditor's office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Van Buren County Assessor's Conference Board, Van Buren County Joint Disaster Services Commission, and Van Buren County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From this fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The MH-DD Services Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General & Special Revenue, Rural Services funds and other revenues to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fiduciary Funds:

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

When an expenditure is incurred in the governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from the restricted fund balance and then from less restrictive classifications committed, assigned and the unassigned fund balances.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	5,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Infrastructure	30-50
Buildings and improvements	40-50
Intangibles	2-20
Equipment	2-20
Vehicles	3-10

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represent amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable and other receivables not collected within 60 days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General and Secondary Roads Funds.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not include in other classifications.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2: CASH AND POOLED INVESTMENTS AND CASH EQUIVALENTS

The County's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. ✓

Interest Rate Risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

NOTE 3: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Maribah Reubel Trust	\$ 2,432
Special Revenue: Secondary Roads	Special Revenue: Rural Services	616,752
Secondary Roads	General	3,968
Indian Creek Watershed	General	5,000
Solid Waste Closure	General	500
	Total	\$ <u>628,652</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.



VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year, As Restated	Increases and Transfers	Decreases and Transfers	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 1,179,587	\$ -	\$ -	\$ 1,179,587
Construction in progress	<u>5,728</u>	<u>-</u>	<u>-</u>	<u>5,728</u>
Total capital assets not being depreciated/amortized	<u>1,185,315</u>	<u>-</u>	<u>-</u>	<u>1,185,315</u>
Capital assets being depreciated/ amortized:				
Buildings and improvements	2,981,296	57,720	-	3,039,016
Equipment and vehicles	4,515,049	495,209	186,872	4,823,386
Infrastructure	<u>9,407,681</u>	<u>1,085,679</u>	<u>-</u>	<u>10,493,360</u>
Total capital assets being depreciated/amortized	<u>16,904,026</u>	<u>1,638,608</u>	<u>186,872</u>	<u>18,355,762</u>
Less accumulated depreciation/ amortization for:				
Buildings and improvements	1,745,033	78,301	-	1,823,334
Equipment and vehicles	3,178,582	261,189	163,878	3,275,893
Infrastructure	<u>2,568,539</u>	<u>404,381</u>	<u>-</u>	<u>2,972,920</u>
Total accumulated depreciation/amortization	<u>7,492,154</u>	<u>743,871</u>	<u>163,878</u>	<u>8,072,147</u>
Total capital assets being depreciated/amortized, net	<u>9,411,872</u>	<u>894,737</u>	<u>22,994</u>	<u>10,283,615</u>
Governmental activities capital assets, net	\$ <u>10,597,187</u>	\$ <u>894,737</u>	\$ <u>22,994</u>	\$ <u>11,468,930</u>

Depreciation/amortization expense was charged to the following functions:

Governmental Activities:	
Public safety and legal services	\$ 83,096
Physical health and social services	23,314
County environment and education	17,360
Roads and transportation	590,394
Governmental services to residents	2,043
Administration	<u>27,664</u>
Total depreciation/amortization expense - Governmental activities	\$ <u>743,871</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 5: DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 21,827
Special Revenue:	
MH-DD Services	180,717
Secondary Roads	15,232
Recorder's Funds	251
Strieber Trust	276
	\$ <u>218,303</u>
Trust and Agency:	
Townships	\$ 143,345
County Assessor	233,412
Schools	4,350,048
Area School	213,621
Corporations	678,174
County Hospital	742,098
County Hospital Ambulance	207,419
E-911	131,865
Auto License and Use Tax	125,886
Drainage Districts	156,037
All other	163,930
	\$ <u>7,145,835</u>

NOTE 6: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	<u>Estimated Liability for Landfill Postclosure Care Costs</u>	<u>Compensated Absences</u>	<u>Net OPEB Liability</u>	<u>Total</u>
Balance – Beginning of year	\$ 195,000	\$ 145,234	\$ 31,194	\$ 371,428
Increases	-	131,124	16,036	147,160
Decreases	<u>15,000</u>	<u>145,234</u>	<u>-</u>	<u>160,234</u>
Balance – End of year	\$ <u>180,000</u>	\$ <u>131,124</u>	\$ <u>47,230</u>	\$ <u>358,354</u>
Due within one year	\$ <u>15,000</u>	\$ <u>131,124</u>	\$ <u>-</u>	\$ <u>146,124</u>

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 6: LONG-TERM LIABILITIES (Continued)

Postclosure Care Costs

To comply with Federal and State regulations, the County is required to perform certain maintenance and monitoring functions at its landfill site for 30 years after closure. Although postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these postclosure care costs as a liability based on landfill capacity used as of each balance sheet date. The \$180,000 reported as estimated liability for landfill postclosure care costs at June 30, 2012 represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. This amount is based on what it would cost to perform all postclosure care during the year ended June 30, 2012. The County closed the landfill in 1994. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

State regulations require solid waste landfills to demonstrate financial responsibility for the costs of postclosure care. The County established a designated sinking fund for the annual cost of monitoring the closed landfill which is being funded by an annual assessment of \$26,016 to the participating members of the landfill, including the County. Any future excess of monitoring expenditures over the annual assessment will be added to the following year's assessment to the participating members.

NOTE 7: PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the County is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$195,422, \$177,681 and \$159,799, respectively, equal to the required contributions for each year.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. The County operates a single-employer health benefits plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 55 active and 2 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully insured medical plan with Wellmark. Retirees under age 66 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2012, the amounts actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$	40,341
Interest on net OPEB obligation		1,248
Adjustment to annual required contribution		<u>(665)</u>
Annual OPEB cost		40,924
Contributions made		<u>(24,888)</u>
Increase in net OPEB obligation		16,036
Net OPEB obligation beginning of year		<u>31,194</u>
Net OPEB obligation end of year	\$	<u>47,230</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the County contributed \$10,227 to the medical plan. Plan members eligible for benefits contributed \$14,661, or 59% of the premium costs.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2010	\$ 40,341	61.7 %	\$ 15,453
2011	40,629	61.3	31,194
2012	40,924	60.8	47,230

Funded Status and Funding Progress: As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$398,996, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$398,996. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,834,662 and the ratio of the UAAL to covered payroll was 21.7%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan is presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Mortality rates are from the RP2000 Combined Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were determined using guidance from GASB 45 related to the use of the alternate method.

Projected claim costs of the medical plan are \$430 per month for retirees and \$1076 per month for retirees and their spouses. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 9: RISK MANAGEMENT

Van Buren County, Iowa has entered into an agreement, as allowed by Chapter 331.301 of the Code of Iowa, to become a member in a local government risk pool to protect the County against tort liability, injuries to employees and other risks associated with County operations. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost. There have been no reductions in insurance coverage from prior years.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to effect recovery.

The risk pool is responsible for paying the premiums on the insurance policies when due; to pay claims in accordance with the various coverages and to make other payments as required by applicable law; to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool; and to pay all reasonable and necessary expenses for administering the risk pool and fund.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2012 were \$126,751.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2012, which covers exposures of specific losses in excess of \$750,000 per occurrence up to the statutory limits for workers' compensation, including the retention of the pool, and in excess of \$250,000 per occurrence with excess of \$1,000,000, including the retention of the pool, for general liability. The policy obtained for the year ended June 30, 2012, covered exposures of \$750,000 and \$250,000, respectively, up to the above stated maximums including retention of the pool. The pool also provides general liability and property coverage of up to \$400,000 and \$100,000, respectively. Any claims in excess of these coverages are also reinsured. The risk pool fund records a liability for unpaid claims based on estimates for the costs of individual cases of losses and claims reported to year end, plus a provision for losses incurred but not yet reported. The estimates are based on the experience of similar organizations as determined by Arthur J. Gallagher and Co., the pool's service agent. At June 30, 2012, the risk pool fund reported a surplus of pool assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool, by means of an assessment that would be charged to the member County in addition to the premium contributions. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool.

VAN BUREN COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 9: RISK MANAGEMENT (Continued)

Initial membership into the risk pool is for a mandatory five year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Van Buren County, Iowa commenced July 1, 1987 and ended June 30, 1992.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10: COUNTY CARE FACILITY

The County had an agreement with Center Village, Inc. which allowed Center Village, Inc. to manage and operate the Van Buren County Care Facility. The County leased the Care Facility site to Center Village, Inc. at no cost. The agreement remained in force until June 30, 2010. Beginning July 1, 2010, Center Village, Inc. began making monthly payments of \$3,000 to the County, but they also started billing Van Buren County residents for staying at the facility. Van Buren County will be responsible for paying the County's share of these bills. This new agreement with Center Village, Inc. expires on June 30, 2013.

NOTE 11: RESTATEMENTS

During the year ended June 30, 2012, it was determined that capital asset additions and related accumulation depreciation and depreciation expense had not been properly stated for the year ended June 30, 2011 and previous years.

Government-wide net assets at June 30, 2011, as previously reported	\$ 12,601,838
Adjustments	<u>1,316,613</u>
Government-wide net assets at June 30, 2011, as restated	\$ <u>13,918,451</u>

NOTE 12: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2011 have been reclassified to conform to June 30, 2012 presentation.

NOTE 13: EVALUATION OF SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through February 4, 2013, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

VAN BUREN COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF  
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2012

	Governmental Fund Types	Budgeted Amounts		Final to Actual Variance
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
<u>RECEIPTS:</u>				
Property and other County tax	\$ 2,767,263	\$ 2,681,274	\$ 2,683,987	\$ 83,276
Interest and penalty on property tax	41,049	30,510	30,510	10,539
Intergovernmental	4,120,045	4,164,907	4,453,207	(333,162)
Licenses and permits	17,560	16,900	16,900	660
Charges for service	315,848	271,640	271,640	44,208
Use of money and property	131,785	114,950	114,950	16,835
Miscellaneous	139,043	115,750	173,000	(33,957)
Total receipts	<u>7,532,593</u>	<u>7,395,931</u>	<u>7,744,194</u>	<u>(211,601)</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	1,105,993	1,112,890	1,129,540	23,547
Physical health and social services	1,053,251	1,012,917	1,158,917	105,666
Mental health	550,546	666,251	767,451	216,905
County environment and education	633,139	435,864	674,364	41,225
Roads and transportation	2,633,691	2,635,000	2,635,000	1,309
Governmental services to residents	301,407	308,807	308,807	7,400
Administration	523,932	581,657	596,657	72,725
Non-program	-	1,700	1,700	1,700
Capital projects	672,205	715,200	935,200	262,995
Total disbursements	<u>7,474,164</u>	<u>7,470,286</u>	<u>8,207,636</u>	<u>733,472</u>
Excess (deficiency) of receipts over (under) disbursements	58,429	(74,355)	(463,442)	521,871
Other financing sources (uses), net	<u>1,734</u>	<u>6,100</u>	<u>6,100</u>	<u>(4,366)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	60,163	(68,255)	(457,342)	517,505
<u>BALANCE - Beginning of year</u>	<u>2,601,497</u>	<u>2,647,856</u>	<u>2,647,856</u>	<u>(46,359)</u>
<u>BALANCE - End of year</u>	<u>\$ 2,661,660</u>	<u>\$ 2,579,601</u>	<u>\$ 2,190,514</u>	<u>\$ 471,146</u>



VAN BUREN COUNTY, IOWA

BUDGET TO GAAP RECONCILIATION  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2012

	<u>Governmental Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 7,532,593	\$ 132,695	\$ 7,399,898
Expenditures	7,474,164	607,727	8,081,891
Other financing sources	<u>1,734</u>	<u>-</u>	<u>1,734</u>
Net	60,163	(740,422)	(680,259)
Beginning fund balances	<u>2,601,497</u>	<u>1,028,771</u>	<u>3,630,268</u>
Ending fund balances	\$ <u>2,661,660</u>	\$ <u>288,349</u>	\$ <u>2,950,009</u>

VAN BUREN COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. The ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregate function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$737,350. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

VAN BUREN COUNTY, IOWA

SCHEDULE OF FUNDING PROGRESS FOR THE  
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b - a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a) / c)</u>
2010	July 1, 2009	\$ -	\$ 398,996	\$ 398,996	0%	\$ 2,034,665	19.6%
2011	July 1, 2009	\$ -	\$ 398,996	\$ 398,996	0%	\$ 2,083,676	19.2%
2012	July 1, 2009	\$ -	\$ 398,996	\$ 398,996	0%	\$ 1,834,662	21.7%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

## OTHER SUPPLEMENTARY INFORMATION

VAN BUREN COUNTY, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>REAP</u> <u>Fund</u>	<u>Recorder's</u> <u>Funds</u>	<u>Indian</u> <u>Creek</u> <u>Watershed</u>
<u>ASSETS</u>			
Cash and pooled investments	\$ 10,176	\$ 8,968	\$ 67,609
Receivables:			
Accounts	-	266	-
Accrued interest	<u>2</u>	<u>2</u>	<u>-</u>
TOTAL ASSETS	\$ <u>10,178</u>	\$ <u>9,236</u>	\$ <u>67,609</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Due to other governments	\$ -	\$ 251	\$ -
Total liabilities	<u>-</u>	<u>251</u>	<u>-</u>
<u>FUND BALANCES:</u>			
Restricted for:			
Other purposes	10,178	8,985	67,609
Assigned	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>10,178</u>	<u>8,985</u>	<u>67,609</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>10,178</u>	\$ <u>9,236</u>	\$ <u>67,609</u>

## Schedule 1

<u>Solid Waste Closure</u>	<u>Meribah Ruebel Trust</u>	<u>Laura Daugherty Trust</u>	<u>Strieber Trust</u>	<u>Conservation Land Acquisition</u>	<u>Building Improvement Fund</u>	<u>Total</u>
\$ 5,500	\$ 127,396	\$ 12,046	\$ 112,400	\$ 26,370	\$ 77,800	\$ 448,265
-	-	-	-	50	3,800	4,116
-	-	-	46	8	-	58
\$ <u>5,500</u>	\$ <u>127,396</u>	\$ <u>12,046</u>	\$ <u>112,446</u>	\$ <u>26,428</u>	\$ <u>81,600</u>	\$ <u>452,439</u>
\$ -	\$ -	\$ -	\$ 276	\$ -	\$ -	\$ 527
-	-	-	276	-	-	527
5,500	-	-	-	26,428	-	118,700
-	-	-	-	-	81,600	81,600
-	127,396	12,046	112,170	-	-	251,612
<u>5,500</u>	<u>127,396</u>	<u>12,046</u>	<u>112,170</u>	<u>26,428</u>	<u>81,600</u>	<u>451,912</u>
\$ <u>5,500</u>	\$ <u>127,396</u>	\$ <u>12,046</u>	\$ <u>112,446</u>	\$ <u>26,428</u>	\$ <u>81,600</u>	\$ <u>452,439</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012

	<u>REAP Fund</u>	<u>Recorder's Funds</u>	<u>Indian Creek Watershed</u>
<b><u>REVENUES:</u></b>			
Intergovernmental	\$ 9,349	\$ -	\$ 765
Charges for service	-	3,708	-
Use of money and property	22	18	-
Miscellaneous	-	-	-
Total revenues	<u>9,371</u>	<u>3,726</u>	<u>765</u>
<b><u>EXPENDITURES:</u></b>			
Operating:			
County environment and education	13,865	3,197	250
Capital projects	-	-	-
Total expenditures	<u>13,865</u>	<u>3,197</u>	<u>250</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,494)</u>	<u>529</u>	<u>515</u>
Other financing sources (uses):			
Transfers in	-	-	5,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances	(4,494)	529	5,515
Fund balances - Beginning of year	<u>14,672</u>	<u>8,456</u>	<u>62,094</u>
Fund balances - End of year	\$ <u>10,178</u>	\$ <u>8,985</u>	\$ <u>67,609</u>

<u>Solid Waste Closure</u>	<u>Meribah Ruebel Trust</u>	<u>Laura Daugherty Trust</u>	<u>Strieber Trust</u>	<u>Conservation Land Acquisition</u>	<u>Building Improvement Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 18,157	\$ -	\$ 28,271
-	-	-	-	-	-	3,708
-	1,119	76	857	62	45,600	47,754
-	80	-	1,100	16,436	-	17,616
-	1,199	76	1,957	34,655	45,600	97,349
-	-	-	320	-	-	17,632
-	-	-	86,589	32,029	-	118,618
-	-	-	86,909	32,029	-	136,250
-	1,199	76	(84,952)	2,626	45,600	(38,901)
500	-	-	-	-	-	5,500
-	(2,432)	-	-	-	-	(2,432)
500	(2,432)	-	-	-	-	3,068
500	(1,233)	76	(84,952)	2,626	45,600	(35,833)
5,000	128,629	11,970	197,122	23,802	36,000	487,745
\$ 5,500	\$ 127,396	\$ 12,046	\$ 112,170	\$ 26,428	\$ 81,600	\$ 451,912



VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2012

	<u>County Offices</u>		
	<u>County Recorder</u>	<u>County Sheriff</u>	<u>County Conservation</u>
<u>ASSETS</u>			
Cash and pooled investments:			
County Treasurer	\$ -	\$ -	\$ -
Other County officials	9,636	6,532	16,255
Receivables:			
Accounts receivable	-	-	-
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accrued interest	-	-	-
Due from other governments	-	-	-
Prepaid expenses	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>9,636</u>	\$ <u>6,532</u>	\$ <u>16,255</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	9,636	-	16,255
Salaries and benefits payable	-	-	-
Trusts payable	-	6,532	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	\$ <u>9,636</u>	\$ <u>6,532</u>	\$ <u>16,255</u>

<u>E-911</u>	<u>Emergency Management Services</u>	<u>Drainage Districts</u>	<u>County Hospital</u>	<u>Property Tax Agency</u>	<u>Townships</u>
\$ 115,802	\$ 35,123	\$ 156,033	\$ 16,518	\$ 1,551	\$ 2,902
-	-	-	-	-	-
8,871	-	-	-	1,359	-
-	-	-	4,614	6	524
-	-	-	720,966	867	139,919
52	-	4	-	-	-
7,278	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 132,003</u>	<u>\$ 35,123</u>	<u>\$ 156,037</u>	<u>\$ 742,098</u>	<u>\$ 3,783</u>	<u>\$ 143,345</u>
\$ 138	\$ -	\$ -	\$ -	\$ -	\$ -
131,865	34,973	156,037	742,098	3,783	143,345
-	150	-	-	-	-
-	-	-	-	-	-
<u>\$ 132,003</u>	<u>\$ 35,123</u>	<u>\$ 156,037</u>	<u>\$ 742,098</u>	<u>\$ 3,783</u>	<u>\$ 143,345</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2012

	<u>Corporations</u>	<u>Schools</u>	<u>Area School</u>	<u>County Assessor</u>	<u>Agriculture Extension Education</u>
<u>ASSETS</u>					
Cash and pooled investments:					
County Treasurer	\$ 17,682	\$ 101,263	\$ 5,382	\$ 40,920	\$ 1,685
Other County officials	-	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	102	-
Property tax:					
Delinquent	9,210	28,361	1,324	1,228	471
Succeeding year	651,282	4,220,424	206,915	191,807	73,555
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>678,174</u>	\$ <u>4,350,048</u>	\$ <u>213,621</u>	\$ <u>234,057</u>	\$ <u>75,711</u>
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ 645	\$ -
Due to other governments	678,174	4,350,048	213,621	233,412	75,711
Salaries and benefits payable	-	-	-	-	-
Trusts payable	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	\$ <u>678,174</u>	\$ <u>4,350,048</u>	\$ <u>213,621</u>	\$ <u>234,057</u>	\$ <u>75,711</u>

## Schedule 3 - (Continued)

<u>Special</u> <u>Appraisers</u>	<u>County</u> <u>Hospital</u> <u>Ambulance</u>	<u>Auto</u> <u>License</u> <u>and Use</u> <u>Tax</u>	<u>Special</u> <u>Assessments</u>	<u>Tax Sale</u> <u>Redemption</u> <u>Trust</u>	<u>Anatomical</u> <u>Gift Public</u> <u>Awareness</u> <u>and</u> <u>Transportation</u>	<u>Total</u>
\$ 13,896	\$ 145,637	\$ 125,886	\$ 2,840	\$ 238	\$ 10	\$ 783,368
-	-	-	-	-	-	32,423
-	-	-	-	-	-	10,332
-	393	-	-	-	-	46,131
-	61,389	-	-	-	-	6,267,124
-	-	-	-	-	-	56
-	-	-	-	-	-	7,278
<u>6,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,588</u>
\$ <u>20,484</u>	\$ <u>207,419</u>	\$ <u>125,886</u>	\$ <u>2,840</u>	\$ <u>238</u>	\$ <u>10</u>	\$ <u>7,153,300</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 783
20,484	207,419	125,886	2,840	238	10	7,145,835
-	-	-	-	-	-	150
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,532</u>
\$ <u>20,484</u>	\$ <u>207,419</u>	\$ <u>125,886</u>	\$ <u>2,840</u>	\$ <u>238</u>	\$ <u>10</u>	\$ <u>7,153,300</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2012

<u>ASSETS AND LIABILITIES</u>	<u>County Offices</u>			<u>E-911</u>
	<u>County Recorder</u>	<u>County Sheriff</u>	<u>County Conservation</u>	
Balances beginning of year	\$ <u>8,016</u>	\$ <u>11,178</u>	\$ <u>15,385</u>	\$ <u>130,118</u>
Additions:				
Property and other County tax	-	-	-	-
State tax credits	-	-	-	-
E911 surcharge	-	-	-	35,996
E911 payments	-	-	-	28,402
Office fees and collections	46,671	3,165	89,494	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Interest income	-	-	-	609
Trusts	-	103,771	-	-
Miscellaneous	-	-	-	26
Total additions	<u>46,671</u>	<u>106,936</u>	<u>89,494</u>	<u>65,033</u>
Deductions:				
Agency remittances:				
To other funds	45,051	3,129	15,838	-
To other governments	-	-	-	63,148
Trusts paid out	-	108,453	72,786	-
Total deductions	<u>45,051</u>	<u>111,582</u>	<u>88,624</u>	<u>63,148</u>
Balances end of year	\$ <u>9,636</u>	\$ <u>6,532</u>	\$ <u>16,255</u>	\$ <u>132,003</u>

See Accompanying Independent Auditor's Report

<u>Emergency Management Services</u>	<u>Drainage Districts</u>	<u>County Hospital</u>	<u>Property Tax Agency</u>	<u>Townships</u>	<u>Corporations</u>	<u>Schools</u>
\$ <u>25,960</u>	\$ <u>154,711</u>	\$ <u>727,708</u>	\$ <u>5,289</u>	\$ <u>140,896</u>	\$ <u>647,276</u>	\$ <u>4,309,709</u>
-	-	700,497	2,197	136,234	631,768	4,097,988
-	-	36,745	44	6,668	35,824	219,664
17,242	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,661	-	-	-	-	-
-	1,618	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,456	-	-	-
<u>17,242</u>	<u>4,279</u>	<u>737,242</u>	<u>3,697</u>	<u>142,902</u>	<u>667,592</u>	<u>4,317,652</u>
-	-	-	-	-	-	-
8,079	2,953	722,852	5,203	140,453	636,694	4,277,313
-	-	-	-	-	-	-
<u>8,079</u>	<u>2,953</u>	<u>722,852</u>	<u>5,203</u>	<u>140,453</u>	<u>636,694</u>	<u>4,277,313</u>
\$ <u>35,123</u>	\$ <u>156,037</u>	\$ <u>742,098</u>	\$ <u>3,783</u>	\$ <u>143,345</u>	\$ <u>678,174</u>	\$ <u>4,350,048</u>

VAN BUREN COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
YEAR ENDED JUNE 30, 2012

<u>ASSETS AND LIABILITIES</u>	<u>Area School</u>	<u>County Assessor</u>	<u>Agriculture Extension Education</u>	<u>Special Appraisers</u>
Balances beginning of year	\$ <u>237,042</u>	\$ <u>112,341</u>	\$ <u>73,822</u>	\$ <u>129,581</u>
Additions:				
Property and other County tax	200,066	190,568	71,469	592
State tax credits	11,973	4,559	3,749	-
E911 surcharge	-	-	-	-
E911 payments	-	-	-	-
Office fees and collections	-	1,983	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Interest income	-	-	-	-
Trusts	-	4,503	-	10,666
Miscellaneous	-	-	-	-
Total additions	<u>212,039</u>	<u>201,613</u>	<u>75,218</u>	<u>11,258</u>
Deductions:				
To other funds	-	-	-	-
To other governments	235,460	79,897	73,329	120,355
Trusts paid out	-	-	-	-
Total deductions	<u>235,460</u>	<u>79,897</u>	<u>73,329</u>	<u>120,355</u>
Balances end of year	\$ <u>213,621</u>	\$ <u>234,057</u>	\$ <u>75,711</u>	\$ <u>20,484</u>

<u>County Hospital Ambulance</u>	<u>Auto License and Use Tax</u>	<u>Special Assessments</u>	<u>Tax Sale Redemption Trust</u>	<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Total</u>
\$ 170,858	\$ 149,665	\$ 2,888	\$ 4,183	\$ 19	\$ 7,056,645
59,647	-	-	-	-	6,091,026
3,129	-	-	-	-	322,355
-	-	-	-	-	53,238
-	-	-	-	-	28,402
-	-	-	-	-	141,313
-	1,801,058	-	-	-	1,801,058
-	-	12,967	-	-	15,628
-	-	-	-	-	2,227
-	-	-	167,410	-	286,350
-	-	-	-	66	1,548
<u>62,776</u>	<u>1,801,058</u>	<u>12,967</u>	<u>167,410</u>	<u>66</u>	<u>8,743,145</u>
-	68,298	-	-	4	132,320
26,215	1,756,539	13,015	-	71	8,161,576
-	-	-	171,355	-	352,594
<u>26,215</u>	<u>1,824,837</u>	<u>13,015</u>	<u>171,355</u>	<u>75</u>	<u>8,646,490</u>
\$ 207,419	\$ 125,886	\$ 2,840	\$ 238	\$ 10	\$ 7,153,300



VAN BUREN COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

		<u>Modified Accrual Basis</u>			
		<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>REVENUES:</u>					
Property and other County tax	\$	2,768,935	\$ 2,520,988	\$ 2,494,844	\$ 2,493,501
Interest and penalty on property tax		42,044	38,305	39,476	34,826
Intergovernmental		3,958,675	3,496,242	3,162,878	3,089,249
Licenses and permits		17,067	13,447	11,885	15,591
Charges for service		339,122	414,925	266,312	238,091
Use of money and property		137,978	110,604	118,121	132,737
Miscellaneous		<u>136,077</u>	<u>150,708</u>	<u>216,758</u>	<u>351,203</u>
Total	\$	<u>7,399,898</u>	<u>6,745,219</u>	<u>6,310,274</u>	<u>6,355,198</u>
<u>EXPENDITURES:</u>					
Operating:					
Public safety and legal services	\$	1,097,456	\$ 1,073,400	\$ 1,035,114	\$ 972,264
Physical health and social services		1,051,569	589,242	574,078	374,866
Mental health		754,303	439,316	499,433	499,071
County environment and education		638,381	369,752	358,344	445,102
Roads and transportation		3,019,995	2,515,545	3,326,809	2,370,658
Governmental services to residents		301,888	289,007	303,257	285,378
Administration		531,705	535,541	562,810	546,942
Non-program		-	449	86	-
Capital projects		<u>686,594</u>	<u>334,312</u>	<u>132,422</u>	<u>23,017</u>
Total	\$	<u>8,081,891</u>	<u>6,146,564</u>	<u>6,792,353</u>	<u>5,517,298</u>

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 2,184,687	\$ 2,205,571	\$ 2,006,201	\$ 2,045,314	\$ 1,913,671	\$ 1,626,591
30,425	30,508	27,086	30,226	32,361	32,485
3,458,521	3,073,145	3,064,744	2,991,029	3,001,220	3,222,742
13,783	12,091	26,255	32,170	32,994	13,616
257,904	210,902	210,593	215,606	222,555	180,490
180,998	162,548	120,763	122,058	131,740	138,998
<u>163,281</u>	<u>143,839</u>	<u>119,565</u>	<u>109,544</u>	<u>164,268</u>	<u>170,438</u>
\$ <u>6,289,599</u>	\$ <u>5,838,604</u>	\$ <u>5,575,207</u>	\$ <u>5,545,947</u>	\$ <u>5,498,809</u>	\$ <u>5,385,360</u>
\$ 944,331	\$ 931,231	\$ 874,495	\$ 853,684	\$ 777,658	\$ 776,408
414,008	426,691	382,600	348,215	367,353	337,499
591,423	511,120	556,242	542,826	499,463	511,616
376,862	520,941	400,799	298,893	390,250	278,938
3,044,420	2,571,584	2,432,241	1,890,310	2,707,436	2,398,585
291,045	263,431	359,341	283,145	243,480	238,593
544,756	543,979	480,431	490,847	541,339	485,241
-	-	-	2,376	1,617	15,762
<u>401,419</u>	<u>274,217</u>	<u>371,639</u>	<u>11,095</u>	<u>664,534</u>	<u>734,544</u>
\$ <u>6,608,264</u>	\$ <u>6,043,194</u>	\$ <u>5,857,788</u>	\$ <u>4,721,391</u>	\$ <u>6,193,130</u>	\$ <u>5,777,186</u>

## VAN BUREN COUNTY, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2012

<u>GRANTOR/PROGRAM:</u>	<u>CFDA Number</u>	<u>Agency or Pass- Through Number</u>	<u>Program Expenditures</u>
<u>INDIRECT:</u>			
<u>United States Department of Housing and Urban Development:</u>			
Iowa Economic Development Authority:			
Community Development Block Grants/State's			
Program and Non-Entitlement Grants in Hawaii	14.228	09-CF-015	\$ <u>452,124</u>
<u>United States Department of Transportation:</u>			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	-	<u>178,689</u>
State and Community Highway Safety	20.600	-	<u>4,415</u>
<u>United States Department of Health and Human Services:</u>			
Iowa Department of Public Health:			
Immunization Cooperative Agreements	93.268	-	<u>5,273</u>
Public Health Emergency Preparedness	93.069	-	<u>14,230</u>
<u>United States Department of Homeland Security:</u>			
Federal Emergency Management Agency:			
Disaster Grants - Public Assistance	97.036	-	<u>138,811</u>
Total			\$ <u>793,542</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Van Buren County, Iowa and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Officials of Van Buren County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Van Buren County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated February 4, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The Management of Van Buren County, Iowa, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Van Buren County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Buren County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weakness have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-12 and II-C-12 to be material weaknesses.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-12 to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Van Buren County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Van Buren County, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Van Buren County, Iowa and other parties to whom the County may report including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Van Buren County, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
February 4, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officials of Van Buren County, Iowa

Compliance

We have audited the compliance of Van Buren County, Iowa with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have direct and material effect on its major federal programs for the year ended June 30, 2012. Van Buren County, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Van Buren County, Iowa's management. Our responsibility is to express an opinion on Van Buren County, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Van Buren County, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Van Buren County, Iowa's compliance with those requirements.

In our opinion, Van Buren County, Iowa complied, in all material respects, with the requirements referred to above that could have direct and material effect on its major federal program for the year ended June 30, 2012. The results of our auditing procedures disclosed no instances of non-compliance with those requirements which are required to be reported in accordance with OMB Circular A-133.

Internal Control over Compliance

The management of Van Buren County, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Van Buren County, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Van Buren County, Iowa's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in the County's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-12 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Van Buren County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Van Buren County, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Van Buren County, Iowa and other parties to whom Van Buren County, Iowa may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
February 4, 2013

VAN BUREN COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

PART I: SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS:

- a. Unqualified opinions were issued on the financial statements.
- b. Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any non-compliance which is material to the financial statements
- d. A material weakness in internal control over the major program was disclosed by the audit of the financial statements.
- e. An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f. The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g. The major program was CFDA Number: 14.228 Community Development Block Grants/State Program and Non-Entitlement Grants in Hawaii.
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. Van Buren County did not qualify as a low-risk auditee.

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Internal Control Deficiencies:

- II-A-12 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that several County employees are involved with cash collections and computer data entry.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the County should review its internal control procedures to obtain the maximum internal control possible under the circumstances.

Response – The internal policies will be reviewed on a regular basis.

Conclusion – Response accepted.

- II-B-12 Time Off – Although all full time County employees earn vacation time, there is currently no County policy that requires employees to take time off.

Recommendation – In an effort to increase the County's internal controls, we suggest that the County adopt a policy that requires employees to take time off.

Response – We will look into adopting a policy that requires employees to take time off without sacrificing service to the community.

Conclusion – Response accepted.



VAN BUREN COUNTY, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

Internal Control Deficiencies (continued)

- II-C-12 Financial Reporting – Subsequent to the issuance of the financial statements for the year ended June 30, 2011, it was determined that the County had failed to properly report capital assets and related accumulated depreciation and depreciation expense for prior periods. The effects of these items are shown in Note 11 of the current year financial statements.

Recommendation – Procedures should be implemented to ensure that all assets, liabilities, revenues and expenses are correctly reported in the future.

Response – We will do so in the future.

Conclusion – Response accepted.

Instances of Non-Compliance:

No matters were noted.

PART III: FINDINGS AND QUESTIONS COSTS FOR FEDERAL AWARDS

Internal Control Deficiencies:

CFDA Number 14.228: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii.  
Pass-through Agency Number: 09-CF-015  
Federal Award Year: 2009  
U.S. Department of Housing and Urban Development  
Passed through the Iowa Economic Development Authority

- III-A-12 Segregation of Duties over Federal Receipts and Disbursements – The City did not properly segregate collection, deposit, disbursement and record-keeping for receipts and disbursements, including those related to federal programs. See item II-A-12.

Instances of Non-Compliance:

No matters were noted.

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- IV-A-12 Certified Budget – Disbursements during the year ended June 30, 2012 did not exceed the amounts budgeted.
- IV-B-12 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-12 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-12 Business Transactions – No business transactions between the County and County officials or employees were noted.
- IV-E-12 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to insure that the coverage is adequate for current operations.
- IV-F-12 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

VAN BUREN COUNTY, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (Continued)

- IV-G-12 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV-H-12 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-12 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2012 for the County Extension Office did not exceed the amount budgeted.